

# STATE SCHOOL AID UPDATE

Michigan Department of Education



November 2008

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## **END OF DURANT NON-PLAINTIFF NOVEMBER PAYMENTS**

There was no November 15, 2008 payment to the *Durant* non-plaintiff districts as there has been over the previous 10 years. The November 15, 2007 payment marked the last of the 10 payments that began in November 1998 and continued through November 2007. These payments represented half the settlement agreed to by non-plaintiff districts in the *Durant v State of Michigan* court case. An overwhelming majority of these districts chose to bond for the other half of the settlement, and received those proceeds in November 1998. Per the terms of the settlement, the Department will continue to process the May 15<sup>th</sup> payments to the bond trustee on behalf of the districts to cover the debt service on those bonds until they are paid off. Questions may be directed to Glenda Rader, Office of State Aid and School Finance, (517) 335-0524 or [RaderG@Michigan.gov](mailto:RaderG@Michigan.gov).

## **DEFICIT ELIMINATION PLANS**

Any district or public school academy incurring a negative fund balance as of June 30, 2008 must submit to the Department a board adopted Deficit Elimination Plan with a matching fiscal year 2009 budget. Correspondence has already been mailed to districts with completed FID submissions that indicate deficit status. Failure to submit a complete Deficit Elimination Plan by the due dates in that correspondence will result in the withholding of state school aid payments. For further information as well as the required forms, please see the Department's website at [http://www.michigan.gov/mde/0,1607,7-140-6530\\_6605-106599--,00.html](http://www.michigan.gov/mde/0,1607,7-140-6530_6605-106599--,00.html). Questions may be directed to Phil Boone, Office of State Aid and School Finance, (517) 335-4059 or [BooneP2@Michigan.gov](mailto:BooneP2@Michigan.gov).

## **NOVEMBER PAYMENT INFORMATION**

The November state school aid payment is the second fiscal year 2009 payment. The payment will be electronically transferred to the districts' accounts on Thursday, November 20<sup>th</sup>.

**Taxable value** - The November payment continues to use the *beginning* 2008 tax roll non-PRE (non-Primary Residence Exempt property), and Commercial Personal property taxable value data for the Section 20 foundation calculations, as provided by the county treasurers via the web based taxable valuation collection process. These data can be viewed by school district personnel on the Department's website. The URL is: <http://mdoe.state.mi.us/taxablevalue>. To view your data, click on "Public Access," and then choose your district code and the appropriate tax year from the drop-down menus. Questions concerning taxable value should **first be directed to the appropriate county treasurer**.

**Pupil membership** - September 2008 unaudited pupil count data received prior to November 3, 2008 were used in the calculation of the blended membership count for the November payment. Otherwise, the estimates that were used in the October payment continue to be used. Please note that the **three-year average membership blend** was calculated for the November payment using either the estimates or the unaudited data whichever was available. The three-year average blend is used for districts with a current year 25% - 75% blend of less than 1,550 **and** 4.5 or fewer pupils per square mile for whom the average of the membership blends for fiscal year 2007, fiscal year 2008 and fiscal year 2009 exceeds the current year blend. An asterisk (\*) next to the membership figures on the status report indicates a three-year average. The **Section 29 Declining Enrollment funds** were also calculated for the November payment using either the estimates or the unaudited data whichever were available (see related item below).

**Special Education cost figures** - The fiscal year 2007 special education and special education transportation cost figures continue to be used in the November payment. The fiscal year 2008 cost reports, which were due this fall, are being audited by the Office of Special Education and Early Intervention Services and will be used to estimate current year costs when the data are released to the Office of State Aid and School Finance. (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, [EasterlingD@Michigan.gov](mailto:EasterlingD@Michigan.gov))

**Updated categoricals** - The following categoricals were updated in the November payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- Special Education - Section 54 (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, [EasterlingD@Michigan.gov](mailto:EasterlingD@Michigan.gov))
- Special Education - Section 51a.1 Tuition Deduct (Dianne Easterling, Special Education and Early Intervention Services, (517) 241-4517, [EasterlingD@Michigan.gov](mailto:EasterlingD@Michigan.gov))
- ISD Great Start - Section 32j (Colleen O'Connor, Early Childhood and Family Services, (517) 241-4291, [OconnorC1@Michigan.gov](mailto:OconnorC1@Michigan.gov))
- Great Start Readiness - Section 32d (Jan Fowler, Early Childhood and Family Services, (517) 241-4741, [FowlerJ2@Michigan.gov](mailto:FowlerJ2@Michigan.gov))
- Adult Education - Section 107 (Joellen Wonsey, State Aid and School Finance, (517) 373-3352, [WonseyJ@Michigan.gov](mailto:WonseyJ@Michigan.gov))
- Renaissance Zone – Section 26a (Howard Heideman, Treasury-Office of Revenue and Tax Analysis, (517) 373-9002, [HeidemanH@Michigan.gov](mailto:HeidemanH@Michigan.gov))

### **SECTION 29 DECLINING ENROLLMENT FUNDING CALCULATION**

Several school districts have recently asked how the State School Aid Act Section 29 Declining Enrollment funding is calculated. As mentioned in the October UPDATE, districts that are not eligible for the three-year average membership blend under Section 6(4)(y) are eligible for declining enrollment funding under Section 29 if they have experienced a decline in membership from fiscal year 2007 to fiscal year 2008 and a decline in membership from fiscal year 2008 to fiscal year 2009. The funding is based on the difference between a three-year average blend and the regular blended membership times the district's foundation. However, because the statewide eligibility is greater than the appropriation the funding is prorated. The proration factor is printed each month at the bottom of page two of the monthly UPDATE. An example of the calculation follows for a district with a fiscal year 2009 blend of 3,028.08 pupils, a fiscal year 2008 blend of 3,045.52 pupils, a fiscal year 2007 blend of 3,103.61 pupils and a foundation of \$7,388 per pupil. The current proration factor is .1321842841 (see bottom of page 2).

$(3,028.08 + 3,045.52 + 3,103.61) / 3 = 3,059.07$  Three-year Average Membership  
Three-year Average Membership – Current Blend =  $3,059.07 - 3,028.08 = 30.99$  FTE Difference  
FTE Difference x Foundation =  $30.99 \times \$7,388 = \$228,954.12$  Gross Section 29 Funding  
Gross Section 29 Funding x Proration =  $\$228,954.12 \times .1321842841 = \$30,264.14$  Net Funding

Questions may be directed to Glenda Rader, Office of State Aid and School Finance, (517) 335-0524 or [RaderG@Michigan.gov](mailto:RaderG@Michigan.gov).

### **IMPORTANT DATES TO REMEMBER**

**NOTE: Noncompliance with the following deadline dates can result in the withholding of state aid. Please be aware, however, that calculation of the November payment occurs prior to these dates. Therefore, the November payment is NOT being withheld for noncompliance with the following requirements. Continued noncompliance, however, will result in the withholding of the December state aid payment.**

- The **fiscal year 2009 SRSD Records (including State Aid FTE Counts)** for the September 24, 2008 count date were due to ISDs on October 29 and from the ISDs to the Center for Educational Performance and Information (CEPI) by **November 12**. Failure to file these reports will result in the **withholding of state aid**. (Joellen Wonsey, (517) 373-3352, [WonseyJ@Michigan.gov](mailto:WonseyJ@Michigan.gov)).
- **November 1** was the deadline for local districts (including PSAs) to file their **fiscal year 2008 financial audit reports** with the ISDs. The **financial and pupil accounting reports** were due **November 15** from the ISDs to the Department. Failure to file these reports will result in the **withholding of state aid**. (Kathy Weller, (517) 335-6858, [WellerK@Michigan.gov](mailto:WellerK@Michigan.gov)).
- **November 15** was the deadline for local and intermediate districts (including PSAs) to submit the **fiscal year 2008 Annual Comprehensive Financial Report - FID**. Failure to file these reports will result in the **withholding of state aid**. (Glenda Rader, (517) 335-0524, [RaderG@Michigan.gov](mailto:RaderG@Michigan.gov)).

The proration factor for Section 31 At-Risk is \$252.208923996 per pupil.

The proration factor for Section 29 Declining Enrollment is .1321842841.

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\*Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or Dan Hanrahan, Director, State Aid & School Finance, MDE, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: [HanrahanD@Michigan.gov](mailto:HanrahanD@Michigan.gov)